

## STATISTICS RELEASE: INSOLVENCIES IN THE FOURTH QUARTER 2009

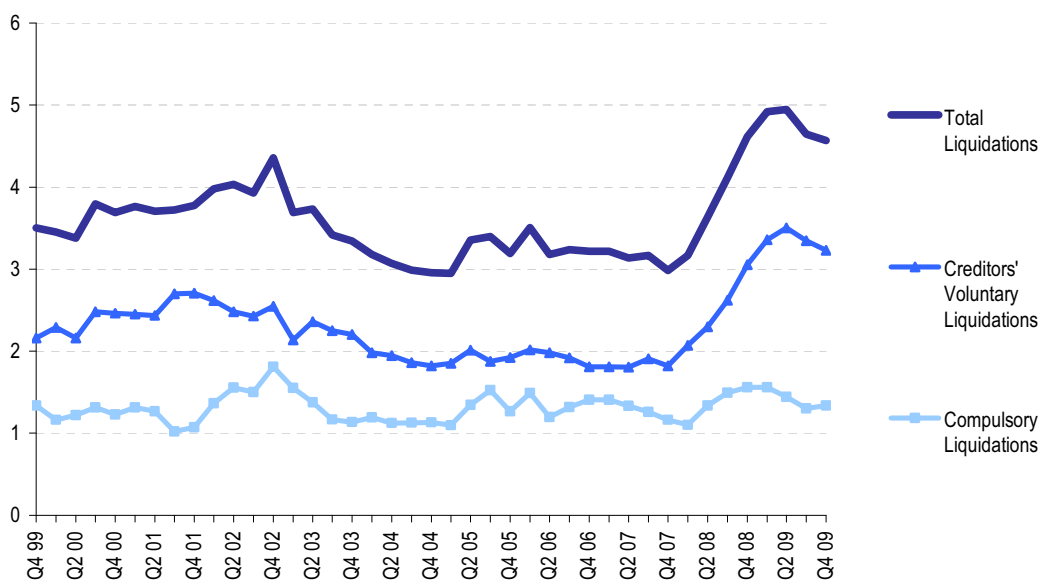
Statistics showing insolvencies in the fourth quarter of 2009 are published today (5 February) by the Insolvency Service.

### COMPANY INSOLVENCIES

There were 4,566 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the fourth quarter of 2009 (on a seasonally adjusted basis). This was a decrease of 1.7% on the previous quarter and a decrease of 1.1% on the same period a year ago.

**Figure 1. Company Liquidations in England & Wales**

Thousands, seasonally adjusted



Source: Insolvency Service and Companies House

This was made up of 1,338 compulsory liquidations (which are up 2.7% on the previous quarter but down 14.2% on the corresponding quarter of the previous year), and 3,228 creditors voluntary liquidations (which are down 3.5% on the previous quarter but up 5.7% on the corresponding quarter of the previous year).

In the twelve months ending Q4 2009, approximately 1 in 114 active companies (or 0.9%) went into liquidation, which is approximately the same as the previous quarter.

**Table I. Company Liquidations in England and Wales (seasonally adjusted) <sup>1</sup>**

	08Q4	09Q1r	09Q2r	09Q3r	09Q4p	% change – Q4 2009 on	
						Q4 2008	Q3 2009
<b>Company Liquidations</b>	<b>4,615</b>	<b>4,919</b>	<b>4,944</b>	<b>4,648</b>	<b>4,566</b>	<b>-1.1</b>	<b>-1.7</b>
of which: Compulsory	1,560	1,560	1,442	1,303	1,338	-14.2	2.7
Creditors' Voluntary <sup>2</sup>	3,055	3,359	3,502	3,345	3,228	5.7	-3.5

Source: Insolvency Service and Companies House

p = provisional, r = revised

<sup>1</sup> Longer series back to 2000 are presented in the accompanying detailed tables.

<sup>2</sup> Where the CVL is the first insolvency procedure entered into (see Notes to Editors).

Additionally, there were 1,465 other corporate insolvencies in the fourth quarter of 2009 (not seasonally adjusted) comprising 397 receiverships, 849 administrations and 219 company voluntary arrangements. In total these represented a decrease of 39.7% on the same period a year ago (this should be interpreted in light of the Q4 2008 figure for administrations, detailed in note 4 to Table II below)

**Table II. Other Corporate Insolvencies in England and Wales (not seasonally adjusted) <sup>1</sup>**

	08Q4	09Q1	09Q2	09Q3	09Q4p	% change – Q4 2009 on	
						Q4 2008	
Receiverships <sup>2</sup>	261	316	345	410	397	52.1	
Administrations <sup>3</sup>	2,018 <sup>4</sup>	1,311	1,027	974	849	-57.9 <sup>4</sup>	
Company voluntary arrangements	149	156	157	194	219	47.0	

Source: Companies House

p = provisional,

<sup>1</sup> Longer series back to 2000 are presented in the accompanying detailed tables.

<sup>2</sup> Includes Law of Property Act receivers (see "Notes to Editors" paragraph 9).

<sup>3</sup> Includes Administrator Appointments.

<sup>4</sup> The figure for 08Q4 includes 729 separate managed service companies for which BDO Stoy Hayward was appointed administrator. The administrations were approved in September 2008, but the statistics are counted based on the date registered at Companies House (which fell in October 2008, i.e. Q4).

Note: The figures in Table II are not seasonally adjusted and are not, therefore, on the same basis as the headline figures in Table I. The accompanying detailed tables also include the non-seasonally adjusted series for corporate liquidations.

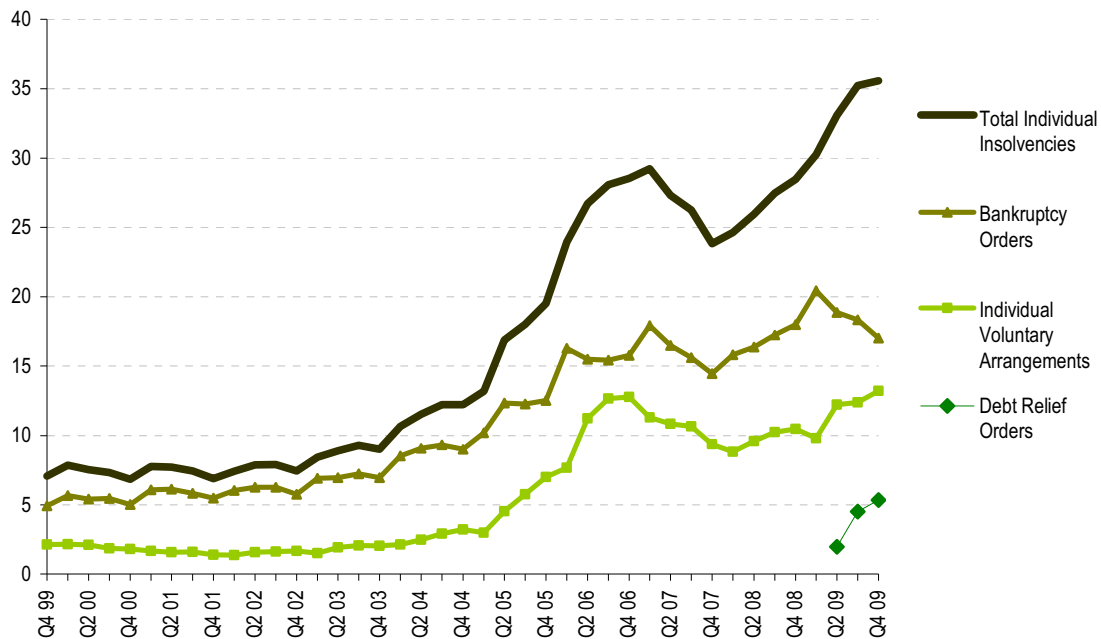
**INDIVIDUAL INSOLVENCIES (not seasonally adjusted - see 'Notes to Editors' paragraph 13)**

There were 35,574 individual insolvencies in England and Wales in the fourth quarter of 2009. This was an increase of 24.9% on the same period a year ago.

This was made up of 17,007 bankruptcies (which were down 5.5% on the corresponding quarter of the previous year), 13,219 Individual Voluntary Arrangements (IVAs), (which were up 26.3% on the corresponding quarter of the previous year) and 5,348 Debt Relief Orders (DROs) (see 'Notes to Editors' paragraph 12).

**Figure 2. Individual insolvencies in England & Wales**

Thousands, not seasonally adjusted



Source: Insolvency Service

Total of individual insolvencies for Q2 2009 onwards include Debt Relief Orders, which came into force on 6 April 2009

In the fourth quarter of 2009, 84% of bankruptcies were made on the petition of the debtor, slightly down on the three previous quarters, but comparable with 2008 as a whole. The percentage of bankruptcy orders involving trading debts (self-employed bankruptcies) was 12.4% in the third quarter of 2009 (fourth quarter 2009 figures for trading-related bankruptcies are not yet available), which is a decrease from the previous quarter, but comparable to the level in 2008 as a whole.

**Table III. Individual Insolvencies in England and Wales (not seasonally adjusted) <sup>1</sup>**

	08Q4	09Q1	09Q2	09Q3	09Q4p	% change – Q4 2009 on
						Q4 2008
<b>Total Individuals</b>	<b>28,471</b>	<b>30,253</b>	<b>33,073</b>	<b>35,242</b>	<b>35,574</b>	<b>24.9</b>
Bankruptcy Orders	18,004	20,446	18,870	18,347	17,007	-5.5
Debt Relief Orders	:	:	1,978	4,505	5,348	:
Individual Voluntary Arrangements	10,467	9,807	12,225	12,390	13,219	26.3

Source: Insolvency Service

p = provisional

: = Not Applicable

<sup>1</sup> Longer series back to 2000 are presented in the accompanying detailed tables, as are seasonally adjusted figures for individual voluntary arrangements (and for bankruptcy orders up to Q1 2009 only)

## INSOLVENCIES IN SCOTLAND AND NORTHERN IRELAND

The following tables present recent trends in insolvencies in Scotland and Northern Ireland, complementing those for England and Wales above (longer series back to 2000 are presented in the accompanying detailed tables).

**Table IV. Insolvencies in Scotland (not seasonally adjusted)**

	08Q4	09Q1	09Q2	09Q3	09Q4p	% change – Q4 2009 on
						Q4 2008
<b>Company Liquidations<sup>1</sup></b>	<b>163</b>	<b>161</b>	<b>146</b>	<b>123</b>	<b>154</b>	<b>-5.5</b>
of which: Compulsory	120	124	107	95	106	-11.7
Creditors' Voluntary	43	37	39	28	48	11.6
<b>Individuals<sup>2,3</sup></b>	<b>5,833</b>	<b>5,743 r</b>	<b>6,294</b>	<b>5,767</b>	<b>5,678</b>	<b>-2.7</b>
of which: Sequestrations <sup>3</sup>	3,996	3,772 r	3,730	3,504	3,350	-16.2
(of which: LILA)	(2,651)	(2,284)	(2,394)	(2,107) r	(1,990)	(-24.9)
Protected Trust Deeds	1,837	1,971	2,564	2,263	2,328	26.7

p = provisional, r = revised.

<sup>1</sup> Source: Companies House (Scotland)

<sup>2</sup> Source: Accountant in Bankruptcy (AiB). Latest News Release

<http://www.aib.gov.uk/About/annualtargets/quarterlyreports/Q3insolvencystatistics>

<sup>3</sup> The sequestration figures include LILA (Low Income, Low Assets) cases. These were introduced as a new route into bankruptcy under the Bankruptcy and Diligence etc (Scotland) Act 2007, wef 1 April 2008.

**Table V. Insolvencies in Northern Ireland (not seasonally adjusted)**

	08Q4	09Q1	09Q2	09Q3	09Q4p	% change – Q4 2009 on
						Q4 2008
<b>Company Liquidations</b>	<b>66</b>	<b>57</b>	<b>65</b>	<b>51</b>	<b>74</b>	<b>12.1</b>
of which: Compulsory <sup>1</sup>	52	34	46	27	57	9.6
Creditors' Voluntary <sup>2</sup>	14	23	19	24	17	21.4
<b>Individuals<sup>1</sup></b>	<b>443</b>	<b>446</b>	<b>558</b>	<b>381</b>	<b>574</b>	<b>29.6</b>
of which: Bankruptcies	293	302	353	200	382	30.4
IVAs	150	144	205	181	192	28.0

<sup>1</sup> Source: Department for Enterprise, Trade and Investment, Northern Ireland (DETINI)

<sup>2</sup> Source: Companies House

p = provisional

**STATISTICS RELEASE: 2009 SUMMARY, ENGLAND AND WALES**

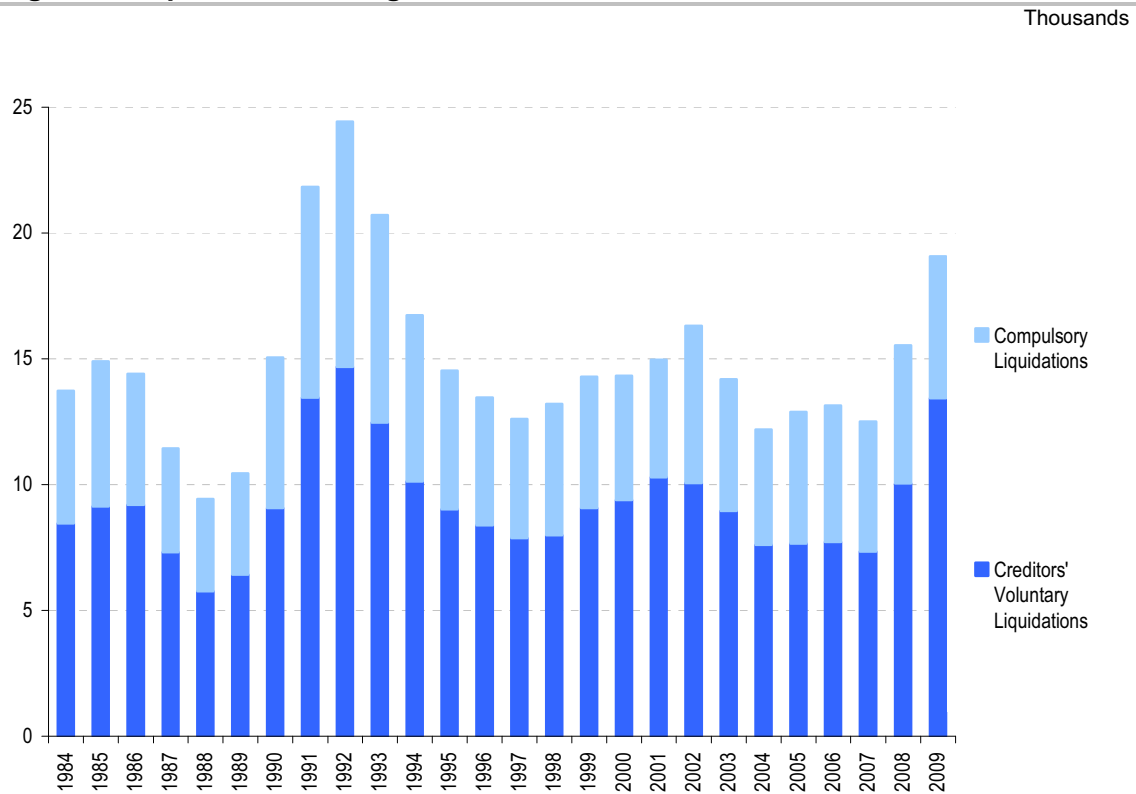
**COMPANY INSOLVENCIES**

There were 19,077 compulsory liquidations and creditors' voluntary liquidations in total in 2009 - an increase of 22.8% on 2008.

This was made up of 5,643 compulsory liquidations (which are up 2.7% on 2008), and 13,434 creditors' voluntary liquidations (which are up 33.8% on 2008).

Figure 3 shows trends in company liquidations since 1984.

**Figure 3. Liquidations in England & Wales, 1984-2009**



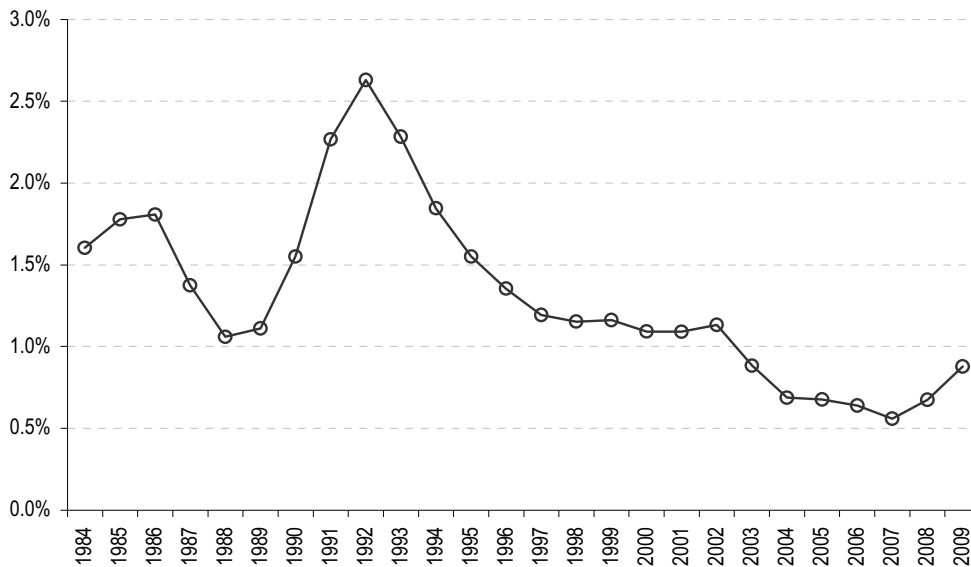
Source: Insolvency Service and Companies House

The number of companies that went into liquidation in 2009 equates to 0.9% of the active register (or approximately 1 in every 114 active companies). This is up on 2008 where 0.7% of companies on the active register went in to liquidation (or around 1 in every 150 active companies). Figure 4 provides a historical view of the liquidation rate in England and Wales since 1984.

In 2009 there were also 6,355 other corporate insolvencies, comprising 1,468 receiverships, 4,161 administrations and 726 company voluntary arrangements. In total these represented an increase of 1.3% on 2008.

**Figure 4. Liquidation rate, England & Wales, 1984-2009**

Per cent of active register



Source: Insolvency Service calculation based on data from the Insolvency Service and Companies House

## INDIVIDUAL INSOLVENCIES

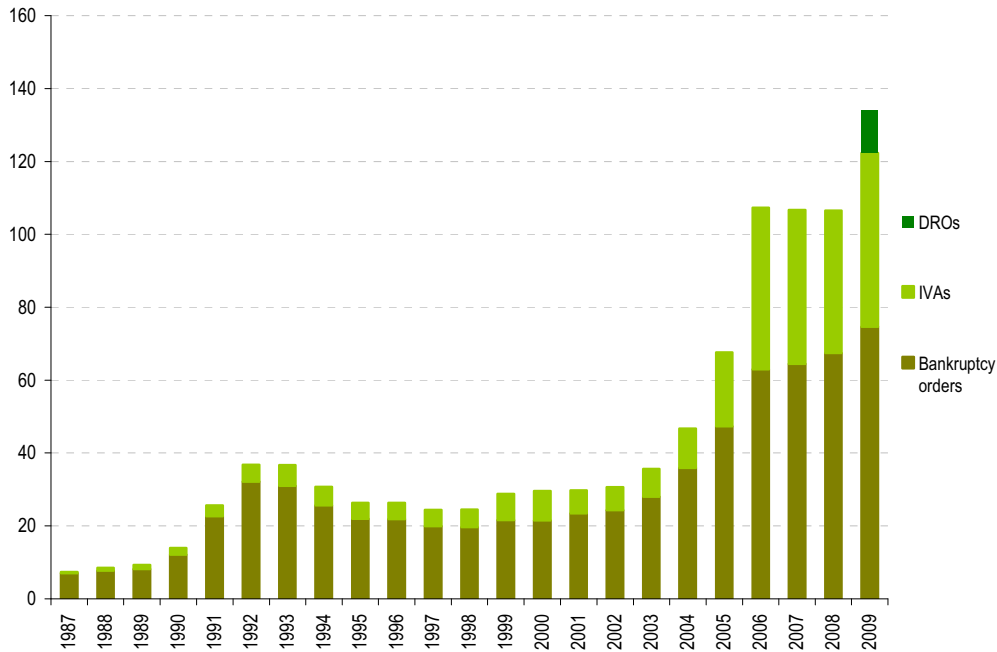
There were 134,142 individual insolvencies in England and Wales in 2009, equating to approximately 1 in every 320 adults (or 0.31%) and an increase of 25.9% from 2008, where there was approximately 1 insolvency in every 400 adults (or 0.25%). Figures 5 and 6 show how the number of insolvencies and the rate have changed since 1987 (when the first IVAs were registered).

The 134,142 insolvencies in 2009 comprised 74,670 bankruptcies (which were up 10.7% on 2008), 47,641 Individual Voluntary Arrangements (IVAs), (which were up 21.8% on 2008) and 11,831 Debt Relief Orders (DROs).

The Debt Relief Order is a new individual insolvency procedure which came into force on 6 April 2009 and which provides an alternative route into personal insolvency for certain categories of over-indebted individuals, subject to some restrictions. Additional details are provided under the “Notes to Editors”, paragraph 12 and on the Insolvency Service website. Some of those who had a DRO approved would have been declared bankrupt had the DRO route not been an option, but it is not possible to quantify this proportion.

**Figure 5. individual Insolvency in England & Wales, 1987-2009**

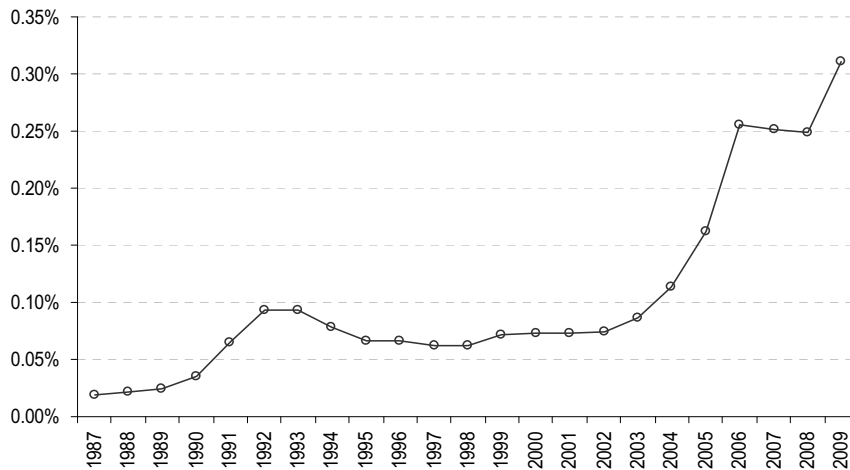
Thousands



Source: Insolvency Service

**Figure 6. Rate of individual insolvencies in England & Wales, 1987-2009**

Per cent of adult population<sup>1</sup>



Source: Insolvency Service and Office for National Statistics

<sup>1</sup> Population estimates, except 2009 which is a projection

In 2009, 85.4% of bankruptcies were made on the petition of the debtor, up marginally from 83.9% in 2008. For bankruptcy orders there has been a pronounced shift towards debtor's petition bankruptcies and away from creditor's petitions in recent years.

## Notes to Editors

1. The official Insolvency Statistics are the most comprehensive record of the number of corporate and individual insolvencies in England and Wales. Insolvencies in Scotland and Northern Ireland are also included, but are shown separately as they are covered by separate legislation, there are some differences in definition, and policy responsibility for them lies within the devolved administrations.
2. The statistics for England and Wales are derived from administrative records of the department for Business, Innovation and Skills (BIS) Insolvency Service and Companies House Executive Agencies. For Scotland, the company insolvency statistics are derived from administrative records at Companies House, Scotland. Figures for individual insolvencies in Scotland are sourced from the Office of the Accountant in Bankruptcy (AiB). The Northern Ireland statistics are derived from administrative records of the DETI Insolvency Service and Companies House. Generally speaking, numbers of cases are based on the date the insolvency procedure was registered on the administrative recording system, not on the date of the order or agreement.
3. Numbers of insolvencies are not directly comparable with official estimates of business stock, formations or closures. Statistics of business start-ups and closures that are directly comparable with each other have been assembled from VAT and PAYE registered unit records and are published by the Office for National Statistics (ONS) in the 'Business Demography' report. The latest figures are those for 2008, and were issued in an ONS press notice on 30 November 2009. More detailed figures are available via the on-line database NOMIS. Additionally, the 'Small and Medium Enterprise statistics (SME) for the UK and regions' report, published by BIS, estimates the total number of businesses in the United Kingdom at the start of 2008 at 4.8 million.
4. The X12ARIMA program (developed by Statistics Canada) is used for the seasonal adjustment of the insolvency statistics for England and Wales, this being the recommended program within UK National Statistics. Seasonal adjustment is a process by which changes that are due to seasonal or other calendar influences are removed to produce a clearer picture of the underlying behaviour of the data series. The data series covering Scotland and Northern Ireland do not demonstrate consistent seasonality and only the raw (unadjusted) series are presented.
5. Insolvent companies entering liquidation in England & Wales and Scotland are dealt with under the Insolvency Act of 1986 and, in Northern Ireland, by the Insolvency (Northern Ireland) Order 1989. They can **either** be the subject of a **compulsory liquidation** (winding-up) order obtained from the court by a creditor, shareholder or director **or** themselves pass a resolution, subject to the approval of a creditors' meeting that the company be wound up voluntarily (**creditors voluntary liquidations**, registered at Companies House/Companies Registry). In either case they are said to have been **wound-up**, and numbers are given in Tables 1, 4 and 6. A third type of winding-up, members' voluntary liquidation, is not included because it does not involve insolvency.
6. The Insolvency Act 1986 and, in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 also introduced the procedures of **company administration orders** and **company voluntary arrangements (CVAs)**. The administration procedure gives a period of time during which creditors are restrained from taking action and a court appointed administrator puts forward proposals to deal with the company's financial difficulties. The CVA procedure aids business by enabling a company in financial difficulty to come to a binding agreement with its creditors. These are listed separately under Table 3 for England and Wales and Table 5 for Scotland.
7. The Enterprise Act 2002 introduced revisions to the corporate administration procedures, replacing Part II of the Insolvency Act 1986 with Schedule B1. These include the introduction of additional entry routes into administration that do not require the making of an administration order and a streamlined process for **Administrations** whereby a company can in some circumstances be dissolved without recourse to liquidation. The primary objective of administration (and of CVAs) is the rescue of the company as a going concern. These provisions came into force on 15<sup>th</sup> September 2003 and **Administrations under the Enterprise Act** have been included on Tables 3 and 5 from Q3 2003 (dissolution follows 3 months after a notice is filed with the Registrar of Companies, if no objections are raised by the court). On 27<sup>th</sup> March 2006 the Insolvency (Northern Ireland) Order 2005 introduced similar revisions to the corporate administration procedures in Northern Ireland, replacing Part III of the Insolvency (Northern Ireland) Order 1989 with Schedule B1.
8. Since the Enterprise Act 2002, a number of these streamlined administrations have subsequently converted to a creditors' voluntary liquidation. These liquidations in England and Wales are not included under the headline figures here or at Table 1, as they do not represent a new company entering into an

insolvency procedure for the first time. For completeness, however, they are included under Table 3d. It is also possible for the outcome of an administration to be entry into a company voluntary arrangement or a compulsory liquidation, but these cases are not separately identifiable from Companies House' information and will therefore be included within the new case figures for these procedures (the numbers involved are relatively few, compared to those entering CVL).

9. **Receivership appointments** comprise **administrative receivers** appointed under the 1986 Insolvency Act (and the 1989 Order for Northern Ireland) and certain **other receiver appointments, for example under the Law of Property Act 1925** - due to the use of the same statutory documentation for different types of receivership, it is not possible to give a breakdown between them. Law of Property Act receivers are classed as *Enforcement of Security* and are not insolvency procedures under the Insolvency Act of 1986. For this reason levels of, and trends in, receivership appointments should be interpreted with caution. The provisions of the Enterprise Act 2002 [section 250] (Insolvency [Northern Ireland] Order 2005 [Article 5]) have made some changes to the procedures for administrative receivership.

10. Figures sourced from Companies House (E&W) were revised previously (where appropriate) between 2007 Q1 and 2008 Q1. This reflected inaccuracies identified in the counting of cases during validation following the move to a new IT system in February 2008. The most noticeable revisions were to receiverships (where some companies had been counted more than once); the rest of this series prior to 2007 is not available on a revised basis. However, it should also be noted that because the revised counts have been run against a live database, they do not exactly reflect the original numbers of new cases that would have been reported.

11. Individual insolvencies in England and Wales and in Northern Ireland are made up of **bankruptcy orders** and **individual voluntary arrangements (IVAs)** (though see also paragraph 12 below regarding the introduction of **debt relief orders (DROs)** in England and Wales). Insolvent individuals in England and Wales are dealt with mainly under the Insolvency Act 1986. A bankruptcy order is made on the petition of the debtor or one or more of his creditors when the court is satisfied that there is no prospect of the debt being paid. (Figures for bankruptcy orders include orders relating to the estates of deceased debtors). There are also individual voluntary arrangements (IVAs) and deeds of arrangement (the latter under the Deeds of Arrangement Act 1914), which enable debtors to come to an agreement with their creditors. Table 2 summarises the above procedures for England and Wales (IVAs and Deeds of Arrangement are included under a single column) and Table 2a provides bankruptcy orders further split by petition type. Changes to bankruptcy law in England and Wales introduced by the Enterprise Act 2002 came into force on 1 April 2004 – the Act made no changes to the existing individual voluntary arrangement regime.

12. The Tribunals, Courts and Enforcement Act 2007 introduced a new route into personal insolvency called the debt relief order (DRO), which came into effect from 6 April 2009. DROs provide debt relief, subject to some restrictions, and are suitable for people domiciled in England and Wales who do not own their own home, have little surplus income (no more than £50 a month), assets (other than possibly a car) not exceeding £300, and less than £15,000 of debt. DROs do not involve the courts; they are run by The Insolvency Service in partnership with skilled debt advisers, called approved intermediaries. A DRO lasts for a period of one year before discharge and, as for bankruptcy, there are penalties in place for debtors who seek to abuse the process. Additional information may be found on The Insolvency Service website here: <http://www.insolvency.gov.uk/bankruptcy/alternativestobankruptcy.htm>. Table 2 includes DROs from the second quarter of 2009.

13. The series for bankruptcy orders can not be seasonally adjusted from Q2 2009 onwards due to the introduction (wef 6 April 2009) of debt relief orders (DROs). DROs comprise some of those individuals who would have otherwise been declared bankrupt (a subset of DRO-eligible cases, who were advised of the DRO route and chose to take it) and other individuals who, perhaps, could not have afforded the fee to enter into bankruptcy and who may have otherwise been in an informal debt management process, or been unable to access any form of debt resolution. It is not possible to quantify the impact of the introduction of DROs on the number of bankruptcy orders, nor to adjust the latter for it and, as a result, not possible to compile a consistent seasonally adjusted series for bankruptcy orders. Table 2 therefore only shows bankruptcy orders (and the derived "total individual insolvencies") on a seasonally adjusted basis up to the first quarter of 2009.

14. Table 2b records numbers of Income Payments Orders (IPOs) and Income Payments Agreements (IPAs) where the bankrupt makes regular payments from surplus income towards his/her debts for a period of time, either by court order or by agreement. The figures record numbers of IPOs/IPAs made in

each period, they do not, in general, relate to the date of the original bankruptcy order. Table 2b records a number of IPAs before Q2 2004 because the IPA provisions of the Enterprise Act 2002 (commenced on 1 April 2004) were applicable, upon commencement, to pre-commencement bankruptcies.

15. Insolvent individuals in Scotland (Table 4) are subject to **sequestration** (bankruptcy) or **protected trust deeds** under the Bankruptcy (Scotland) Act 1985 (as amended). This Act was amended by the Bankruptcy (Scotland) Act 1993. On April 1 2008 the Bankruptcy and Diligence etc. (Scotland) Act 2007 came into force making significant changes to some aspects of bankruptcy, debt relief and debt enforcement in Scotland. Most notably, as far as these statistics are concerned, it introduced a new route into bankruptcy for people with low income and low assets (LILA). The sequestration figures for Q2 2008 onwards include these new LILA cases; therefore trends in numbers of sequestrations before and after this date should be interpreted with care. Protected trust deeds are voluntary arrangements in Scotland, but although they fulfil much the same role as individual voluntary arrangements, there are important differences in the way they are set up and administered. Details of both sequestrations and protected trust deeds are found on the register of insolvencies, which is maintained by the Accountant in Bankruptcy. Further information about insolvency in Scotland can be found on the Accountant's website at [www.aib.gov.uk](http://www.aib.gov.uk). It should also be noted that from April 2008, personal insolvency statistics have been extracted from information published on the AiB website; whereas previously it was supplied on request, tailored to our publication requirements.

16. Insolvent individuals in Northern Ireland are dealt with under the Insolvency (Northern Ireland) Order 1989 and are recorded under Table 6. On 27 March 2006 the Insolvency (Northern Ireland) Order 2005 came into operation and implemented similar changes to bankruptcy procedures as the Enterprise Act 2002 introduced in England and Wales. Further information about insolvency in Northern Ireland can be found on their website at <http://www.detini.gov.uk/deti-insolvency-index.htm>.

17. Under the Insolvency Act 1986 and the Insolvent Partnerships Order and, in Northern Ireland, the Insolvency (Northern Ireland) Order 1989 and the Insolvent Partnerships Order (Northern Ireland) 1995, insolvent partnerships may be wound up as an unregistered company or administered following bankruptcy orders against the partners. Insolvent Partnerships can also enter administration or a voluntary arrangement.

18. Company insolvencies and bankruptcy orders (relating to the self-employed) in England and Wales broken down by industry are available from Q3 2007 according to the Standard Industrial Classification (SIC) 2003, bringing them into line with other official statistics. Industry breakdowns for compulsory liquidations and bankruptcies (only) are only available one quarter in arrears of the headline series. Figures according to the previously used Insolvency Trade Classification (ITC) are available up to Q3 2006, but information by industry is not available for the period between Q4 2006 to Q2 2007 (inclusive) on either classification. Additionally, the broad split of bankruptcy orders into self-employed and other individuals is available under Table 2a.

19. Company liquidations in Scotland are available from Q1 2007 based on the SIC2003 industry breakdown and these can be found in Tables 4a and 4b. Earlier data are available separately classified according to the Insolvency Trade Classification (ITC).

20. Information concerning insolvency legislation, policy evaluation and research in England and Wales may be obtained from the Insolvency Service website at [www.insolvency.gov.uk](http://www.insolvency.gov.uk).

### National Statistics

'National Statistics' is the national standard for official statistics. The 'National Statistics' Quality Mark indicates that the statistics have been produced in accordance with a Code of Practice for Official Statistics. The Code of Practice requires the statistics to be produced, managed and disseminated to high professional standards. They must be well-explained and meet users' needs. The 'National Statistics' standard has statutory backing.

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Internet:

<http://www.insolvency.gov.uk/otherinformation/statistics/201002/uksa/index.htm>

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